

## Message Text

SECRET

PAGE 01 STATE 138453  
ORIGIN ARA-14

INFO OCT-01 ISO-00 SAB-02 CCO-00 SSO-00 SS-15 SP-02  
L-03 PM-04 INR-07 INRE-00 /048 R

DRAFTED BY ARA/PAN:RWYROUGH/JLP  
APPROVED BY ARA:WLUERS  
S/AB:EBUNKER  
S/AB:AMB.LINOWITZ

-----151444Z 077904 /42

Z O 151432Z JUN 77 ZFF4  
FM SECSTATE WASHDC  
TO USDEL GRENADA FLASH  
INFO AMEMBASSY PANAMA IMMEDIATE

S E C R E T STATE 138453

STADIS////////////////////  
FOR WHITE FROM WYROUGH

E.O. 11652: GDS

TAGS: PORG, OAS, PN

SUBJECT: OASGA -- PANAMA AGENDA ITEM

1. FOLLOWING STATUS REPORT IS PROVIDED FOR DELEGATION'S  
USE IN HANDLING PANAMA ISSUE AT OASGA PER WHITE-WYROUGH  
TELECON THIS MORNING AS AN UPDATE TO STATE 133699  
WHICH HAS BEEN REPEATED TO YOU FLASH.

2. AFTER MEETINGS MONDAY AND TUESDAY WITH PANAMA'S  
NEGOTIATORS WE CAN PROVIDE FOLLOWING SUMMARY OF  
CURRENT STATUS OF TALKS:

THE PACE OF AGREEMENT HAS SLOWED SOMEWHAT SINCE PANAMA'S  
NEGOTIATORS RETURNED TO WASHINGTON JUNE 7. THE TALKS

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SINCE THEN HAVE CENTERED ON ASPECTS OF THREE ISSUES ABOUT  
WHICH PANAMA HAS HAD SECOND THOUGHTS OR WHICH WERE HOLD-  
OVERS FROM THE MAY DISCUSSIONS. THE NEGOTIATORS REACHED  
APPARENTLY FINAL AGREEMENT MONDAY ON THE TEXT OF A  
NEUTRALITY TREATY. MOST OF THE PAST TWO SESSIONS HAVE  
FOCUSED ON QUESTIONS AFFECTING CANAL EMPLOYEES' RIGHTS  
AND THE AUTHORITY OF THE UNITED STATES GOVERNMENT AGENCY

THAT WILL OPERATE THE CANAL. THE MOST SERIOUS OF THESE CONCERNS WHETHER THE UNITED STATES AGENCY THAT WILL OPERATE THE CANAL SHALL HAVE THE AUTHORITY COMMENSURATE WITH ITS RESPONSIBILITY. PANAMA HAS SOUGHT, IN THE NAME OF "GROWING PARTICIPATION", WHAT WE REGARD AS AN EXCESSIVE VOICE IN THE HIRING AND FIRING OF PANAMANIAN TO THE PROPOSED POLICY BOARD AND TOP MANAGEMENT POSITIONS. IN ADDITION, THEY WISH TO PLACE RESTRICTIONS ON OUR HIRING AUTHORITY FOR US CITIZEN EMPLOYEES. AFTER RESOLUTION OF THIS MATTER WE STILL FACE, AS YOU KNOW, THE ISSUE OF THE FINANCIAL BENEFITS PANAMA WILL ENJOY UNDER THE NEW TREATY. THEIR EXPECTATIONS ARE PRESUMABLY UNREALISTIC. THIS PROCESS WILL EXTEND INTO NEXT WEEK AND PROBABLY LONGER. CHRISTOPHER

SECRET

NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROGRESS REPORTS, INTERNATIONAL CANALS, NEGOTIATIONS  
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**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
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**Review Markings:**  
Margaret P. Grafeld  
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